

Date: October 24th, 2019

Subject: MPP answer to Core TSOs' consultation on a common methodology for regional operational security coordination

The MPP welcomes the opportunity to provide comments on the Core TSOs' draft methodology for regional operational security coordination in accordance with Article 76 of the System Operation Guideline (SOGL). Given the complexity of the interlinkages and overlaps between this article, Articles 35 and 74 of CACM, and Article 75 of SOGL, the MPP would however have appreciated an explanatory document providing explanations on how TSOs conceive the global picture of coordinated security analyses, capacity calculations, remedial action optimization and activation, and cost sharing. From a formal point of view, the **MPP finds that the way the methodology is written is frequently confusing**, and regrets that Core TSOs do not pay more attention to clarifying the terms used and applying a uniform wording, e.g.:

- these terms are sometimes very close to one another but referring to different concepts, such as "XNE"/"XBRNE", the latter being not defined and stemming from a version of the draft Core RD & CT methodology which has not been consulted;
- the "RSA" mentioned (but not defined) in Article 2(1)(j) seems to refer to the same concept as the "CSA" mentioned in Article 2(1)(h), used in the CSAM methodology but not in the present one;
- the concept of "secured element" seems to be redundant with the one of "XNE", as emphasized in Article 8(1);
- the term "validated" in Article 31(1)(3) seems to be equivalent to "Agreed"; if this is indeed the case, the same term should be used;
- the "constraints" introduced in Article 2(3) mix together the concept of *network constraints* referring to the congestions to be solved by the remedial actions, and the concept of *optimization constraints* which are inputs to the optimization problem.

On a side note, a part of the definition is missing in Article 2(2)(e).

The MPP's understanding of the aforementioned global picture, given the information provided in Article 3 and 4, is that:

- the CROSAs are a specific type of RSAs/CSAs, performed by RSCs after each of the day-ahead and intraday auctions that allocate the calculated cross-zonal capacities, in order to optimize the remedial actions aimed at ensuring the firmness of the allocated capacities once the market results and the associated schedules are known;
- additional intraday RSAs/CSAs are performed at a higher frequency (each hour) by each Core TSO, according to harmonized principles and with the support of RSCs, as described in Articles 23 and 24 of the CSAM methodology. They do not include an optimization process but aim at checking that, taking into account the remedial actions agreed during the CROSAs, the security of the grid is still ensured given the evolution of the conditions (update of market schedules / renewable generation and consumption forecasts, unforeseen outages of generation facilities or network elements...).

The MPP would welcome the confirmation that this vision is correct. Besides, in case it is, we wonder **if and how a consistency is ensured between the remedial action optimization embedded in the capacity calculations** (cf. Articles 10 and 16/17 of the Core day-ahead and intraday capacity calculation methodologies annexed to ACER's decision 02/2019) **and the remedial action**

optimization performed during the CROSAs. Core TSOs should also explain how they ensure that the RD & CT volumes taken into account for the validation phase of the day-ahead capacity calculation, in D-2, are consistent with the actual available RD & CT volumes after the day-ahead market coupling.

As regards the scope of the remedial action optimization, **the MPP is concerned by the exclusion of certain cross-border relevant network elements** from the list of secured elements in Article 5 (without any periodic reassessment foreseen), **and of certain technically available cross-border remedial actions** that can be declared as non-shared or conditionally shared by TSOs pursuant to Article 16, on a basis that is not described and seems somehow arbitrary. **In our view, these restrictions entail the risk of an underuse of the whole potential, in terms of overall system cost minimization, of a coordinated approach for remedial action optimization.** In this respect, The MPP recalls that the CSAM methodology, as decided by ACER in its decision 07/2019, states in its Article 17(1) that *“in day-ahead or intraday operational planning, all TSOs, in coordination with the RSC(s) of a CCR, shall manage in a coordinated way operational security violations on all cross-border relevant network elements with contingency considering all cross-border relevant remedial actions”*. MPP also notes that the absence of description of the criteria for considering that a remedial action is shared or not is not consistent with Article 10 of the draft Core RD & CT methodology, which states that *“the decision on which resources are shared for the optimisation at which time should be made by the responsible Core TSO(s). The terms and conditions will be described in the methodology pursuant to Article 76(1) of SO guideline”*.

On the assessment of the cross-border relevance of remedial actions, **the MPP would appreciate details regarding the computation of the remedial action influence factors mentioned in Article 12.** In particular, will remedial actions be assessed individually (and in that case, how do TSOs simulate the action ensuring that the global remedial action is balanced? Through the use of a common slack node, or through a pro-rata approach as described in Annex I of the RAOC methodology (ACER decision 08/2019), or will all possible combinations of balanced remedial actions be assessed? The MPP warns that, in the first case, the result may be very dependent on the chosen methodological choice, and that in the second one, the number of possible combinations may make the assessment hardly tractable.

On the optimization process itself, the MPP would like Core TSOs to explain in a more detailed way:

- **how the impact of countertrading is simulated**, given that the location of activated resources is in general not known in this case. Is the methodology based on GSKs as for capacity calculations and, if yes, how are they calculated? Besides, TSOs should explain **how they intend to forecast the countertrading costs in case countertrading is implemented through the intraday markets.**
- what is exactly meant, in Article 29, by the fact that the remedial actions' effectivity shall be *“balanced with their direct costs”*. **The MPP considers that the main driver for the optimization should remain the cost minimization (which implicitly takes into account the efficiency of the RA when considering the volume to be activated)**, and that this optimization should not be unduly restricted by additional constraints added by TSOs in a discretionary way. Therefore, Core TSOs should explain more clearly the envisaged trade-off, and give a justification for it (taking into account that the remedial action activation will to our

knowledge be largely automatized, and can thus accommodate a high number of small actions if necessary).

- which are the **criteria to decide that some operational security limits violations can remain unsolved at the end of the optimization process**, as stated in Articles 29(4) and 34(2), and how they are then supposed to be handled (by each concerned TSO on a national basis / during subsequent CROSAs? The “*interim process*” referred to in Article 34(2) also has to be defined).

In light of the complexity of the envisaged optimization process, the MPP would like to underline that the implementation of the coordinated costly remedial action optimization should not be delayed because of the time required to develop and test a too complex optimization algorithm.

Concerning the **handling of uncertainties**, we would like more explanations on the concrete implications of Article 30(1). In particular, how is it compatible with the requirement that “*each TSO shall not include any reliability margin to its operational security limits or in the coordinated operational security analysis*”, stated in Articles 23(1)(a) and 24(3)(a) of the CSAM methodology?

The MPP appreciates the transparency commitments of Core TSOs contained in Article 39, but considers that Core TSOs could and should go beyond the mere legal requirements. In particular, we suggest that **the optimization algorithm, once developed, is shared with market parties in open source**, so that they can understand in detail how it works.

As regards remedial action cost sharing between TSOs, the MPP acknowledges that market participants are not primarily concerned by this matter; however, they are indirectly concerned, since Core TSOs consistently make the implementation of the coordinated costly remedial action optimization (in application of CACM Article 35 and SOGL Article 76) conditional to the approval of the associated cost sharing. As the present methodology does not bring any new element in application of SOGL Article 76(1)(b)(v) and only refers, in its Articles 8 and 38, to the cost sharing methodology pursuant to CACM Article 74 (which is not subject to public consultation), we are not able to give any informed opinion on this topic, and notably not able to assess whether the cost sharing principles stated in SOGL Articles 76(1)(b)(v) and 76(2) are fulfilled or not¹. In any case, **the MPP recalls that the implementation of the coordinated costly remedial action optimization is of major importance for the market, in particular in the context of the implementation of the 70% threshold foreseen in Article 16(8) of the new Electricity Regulation 2019/943, and that it cannot be delayed for any reason**. We therefore urge Core TSOs to find an agreement on the cost sharing principles and, if not possible in due time, to put in place interim provisions that enable the implementation of the coordinated costly remedial action optimization without delay.

¹ These articles introduce the concept of “cross-border relevant congestion”, which is not used nor defined and related to the concept of “cross-border relevant network element” in the Core TSOs’ proposal, and define the principles that should be taken into account for identifying these congestions and sharing the costs related to them: “*in determining whether congestion have cross-border relevance, the TSOs shall take into account the congestion that would appear in the absence of energy exchanges between control areas*” / “*costs of relieving cross-border-relevant congestions shall be covered by TSOs responsible for the control areas in proportion to the aggravating impact of energy exchange between given control areas on the congested grid element*”.

Finally, the MPP would like to mention a few minor points to be clarified in the proposed methodology:

- in Article 15(4), RD & CT does not influence “*network topology*”. We would rather say “*network state*”;
- we think that Article 19 is only applicable for the intraday CROSAs, since a remedial action cannot be “*Agreed*” (in the sense of this ROSC methodology) ahead of the first CROSA performed in day-ahead;
- in Article 21(2), the MPP would welcome more explanations on the reasons why two coordination runs are needed in day-ahead;
- in Article 30(2), the wording should be adapted to reflect the fact that the targeted phenomenon is an uncertainty increase and not a reduction of the thermal limits of the XNEs (indeed, the events referred to do not reduce these thermal limits, they might even increase them, e.g. in case of a wind front).